

Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 IO-14 NEA-14 NSAE-00 RSC-01

OPIC-12 SP-03 TRSE-00 CIEP-02 LAB-06 SIL-01 SWF-02

OMB-01 DODE-00 DOTE-00 FMC-04 CG-00 COA-02 DLOS-07

OIC-04 PA-04 PRS-01 USIA-15 DRC-01 /176 W

----- 043664

R 161416Z MAY 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 9185

INFO AMEMBASSY ATHENS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

UNCLAS SECTION 01 OF 02 PARIS 11896

E.O. 11652: N/A

TAGS: ETRN, ETRD, OECD

SUBJECT: MEETING OF OECD WORKING PARTY NO. 6 ON SHIP-
BUILDING MAY 16, 1974

WHILE PROTOCOLS ARE STILL FORTHCOMING FROM SOME MEMBER
COUNTRIES, OECD WORKING PARTY NO. 6 TODAY FORMALLY
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APPROVED WITHOUT OBJECTION AMENDMENT OF THE UNDERSTANDING

ON EXPORT CREDITS FOR SHIPS AS FOLLOWS:

1. CLAUSES 1 AND 2 OF THE UNDERSTANDING ON EXPORT CREDITS FOR SHIPS, , SHALL BE AMENDED AS FOLLOWS:

"1) FOR ANY CONTRACT RELATING TO ANY NEW SHIP TO BE NEGOTIATED FROM 1ST JULY 1974, ONWARDS, GOVERNMENTS PARTICIPATING IN THIS UNDERSTANDING AGREE TO ABOLISH EXISTING OFFICIAL FACILITIES () AND TO INTRODUCE NO NEW OFFICIAL FACILITIES FOR EXPORT CREDITS FOR SHIPS ON TERMS PROVIDING:

I) A MAXIMUM DURATION EXCEEDING 7 YEARS FROM DELIVERY AND REPAYMENT OTHER THAN BY EQUAL INSTALMENTS AT REGULAR INTERVALS OF NORMALLY SIX MONTHS AND A MAXIMUM OF TWELVE MONTHS;

"() OFFICIAL FACILITIES ARE THOSE WHICH ENABLE CREDITS TO BE INSURED, GUARANTEED OR FINANCED BY GOVERNMENTS, BY GOVERNMENTAL INSTITUTIONS, OR WITH ANY FORM OF DIRECT OR INDIRECT GOVERNMENTAL PARTICIPATION.

II) PAYMENT BY DELIVERY OF LESS THAN 30 PER CENT OF THE CONTRACT PRICE;

III) AN INTEREST RATE OF LESS THAN 8 PER CENT, NET OF ALL CHARGES ()

2. THIS MINIMUM INTEREST RATE OF 8 PER CENT WILL APPLY TO THE CREDIT GRANTED WITH OFFICIAL SUPPORT BY THE SHIPBUILDER TO THE BUYER (IN A SUPPLIER CREDIT TRANSACTION) OR BY A BANK OR ANY OTHER PARTY IN THE SHIPBUILDER'S COUNTRY TO THE BUYER OR ANY OTHER PARTY IN THE BUYER'S COUNTRY (IN A BUYER CREDIT TRANSACTION), WHETHER THE OFFICIAL SUPPORT IS GIVEN FOR THE WHOLE AMOUNT OF THE CREDIT OR ONLY PART OF IT."

() "BY INTEREST RATE, NET OF ALL CHARGES, IS MEANT THAT PART OF THE CREDIT COSTS (EXCLUDING ANY CREDIT INSURANCE PREMIA AND/OR ANY BANKING CHARGES) WHICH IS PAID AT REGULAR INTERVALS THROUGHOUT THE CREDIT PERIOD AND WHICH IS DIRECTLY RELATED TO THE AMOUNT OF CREDIT"

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THIS AMENDMENT WILL NOW BE SUBMITTED TO THE OECD
EXECUTIVE COMMITTEE AND COUNCIL FOR ACTION. WHILE THE
AMENDMENT IS TO BE EFFECTIVE JULY 1, 1974, GOVERNMENT
SUPPORT FOR EXPORT CREDITS CARRYING MORE FAVORABLE TERMS
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WILL BE ALLOWED FOR A TRANSITIONAL PERIOD, PROVIDING

THAT :

1. CONCRETE NEGOTIATIONS ON THE CONTRACT HAVE, BEYOND ANY DOUBT, EFFECTIVELY STARTED BEFORE 1ST JULY 1974, AND
2. THE OFFICIAL DECISION TO SUPPORT MORE FAVORABLE TERMS IS TAKEN BEFORE 1ST OCTOBER 1974, AND ADEQUATE NOTICE, IN ACCORDANCE WITH CLAUSES 7 AND 8 OF THE UNDERSTANDING, IS GIVEN TO ALL PARTICIPATING GOVERNMENTS OF ANY SUCH DECISION REACHED ON OR AFTER 1ST JULY 1974, AND
3. IN ACCORD WITH THE TERMS OF FOOTNOTE 3 OF THE UNDERSTANDING, THE CONTRACT HAS BECOME FINAL BEFORE 31ST DECEMBER 1974.

THE MEETING ENDED WITH A STATEMENT BY NETHERLANDS THAT IT WAS THEIR INTENTION TO PRESS, AS NEW BUSINESS FOR THE WORKING GROUP, TO PROHIBIT ANY FORM OF GOVERNMENT SUBSIDY FOR CONSTRUCTION OF VESSELS OVER 200,000 DWT (NOT INCLUDING LNG CARRIERS).
IRWIN

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Draft Date: 16 MAY 1974
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Disposition Event:
Disposition History: n/a
Disposition Reason:
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US Department of State
EO Systematic Review
30 JUN 2005

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Review Transfer Date:
Review Withdrawn Fields: n/a
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TAGS: ETRN, ETRD, OECD
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005